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STATISTICAL BULLETIN

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THE CONFERENCE BOARD

comment The data on activity for September indicate that the economy was in better shape in that month than it had been in for quite a while. But the outlook expressed in the *Economic Forecasts* suggests it could be many months before the economic picture again looks as bright as it did in September.

Retail sales, adjusted for inflation, went up in both August and September. And the gains were much larger for durable goods than for nondurables. Domestic *Automobile Sales,* however, did not share in this increase in consumer buying. Sales in August averaged a seasonally adjusted 8.8 million unit annual rate. The rate dropped to 8.2 million in September, and to only 7.7 million in October. Sales of foreign models were flat over this period. This meant that retail sales of durable commodities, other than cars, were quite robust in September. This strength was supported by stepped-up consumer borrowing. The ratio of installment debt expansion to personal income had peaked at about 3% in mid-1978, had been reduced to only half that rate by June, stayed that low through August, then climbed to 2.7% in September. Consumer attitudes have been improving of late, unquestionably a factor in decisions to go ahead and buy, even at the expense of increased borrowing. The Conference Board's *Consumer Confidence Index* had dropped to as low as 64.9 (1969-1970 = 100) in August, but then improved to 76.8 in September, and further to 85.6 in October.

While retail sales improved in September, industrial output also expanded. And The Conference Board's *Principal Diffusion Index* indicated that the increase in activity was quite broad based. The level of industrial production, as well as the measures of capacity utilization, were as high in September as they had been earlier this year. However, retail sales were lower in September than levels recorded at the end of last year. Production, in other words, continued to exceed sales in September, and inventories continued to grow. The inventory-sales ratio for cyclically sensitive durable goods inched higher in September.

It now seems apparent that in early October policymakers were looking at an upsurge in consumer markets, financed in part by significantly increased borrowing, while production was even stronger, resulting in some inventory accumulation and associated business borrowing. Although interest rates in September were at record levels, the real interest rate—that is to say, the rate of interest relative to the rate of inflation—was low. Low enough, in fact, to encourage some additional debt formation. Concern over the growth of money and credit, and over the dollar's exchange rate in international currency markets, weighed heavily in a decision early in October not only to change monetary policy but to change the method by which policy is conducted.

Monetary policy has traditionally had as its goal managing credit expansion and money-supply expansion, while also exerting influence on the general level of interest rates. The Federal Reserve attempted to steer money-supply growth within established target ranges but conducted this policy through operations directly affecting the Federal Funds rate—the rate at which banks borrow excess reserves from each other—and thus over interest rates. The Federal Funds rate was generally kept within the target ranges, but growth of money supply was not—on balance, money expansion has run above the targets in recent years. Hence, the Fed decided in October to pay less attention to the price of money and more attention to its quantity. The likely effect of this change has been expected to be a steadier course in the expansion of money and credit while interest rates would be more volatile than in the past. The Fed's immediate goal is to constrain the growth of money and credit.

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Interest rates have indeed been volatile. The Federal Funds rate stood just under 12% at the end of September. But it had been allowed to rise as high as 15.6% by the end of October. The interest rates quoted to consumers and business have also escalated sharply. Given the substantially higher cost of money, and the tightening of availability, borrowing to pay for consumer goods or for inventories can be expected to slow. And the short-term economic outlook, which had not been very bright, has been lowered.

Although real GNP rose in the third quarter, there is every indication that the gain was nothing more than a pause in an economic downturn that began in the second quarter of 1979 and could possibly last until the third quarter of 1980. The median of the *Economic Forecasts* is that real output will decline by a seasonally adjusted 1.0% annual rate in the fourth quarter of 1979 and by 1.8% in the first quarter of 1980. The median then rises to a meager 1.4% rate in the second quarter of 1980. The median forecast calls for growth in real output to quicken to 3% in the second half of next year. There are some forecasts, however, suggesting that the downturn could continue into next fall.

The *Economic Forecasts* indicate that the rate of inflation, as measured by the implicit price deflator, will remain at about the third quarter pace of 9.3% in the fourth quarter of this year. Despite the prospect of a slower rate of economic activity as well as rather restrictive, anti-inflationary monetary and fiscal policy, the expectation is that the inflation rate will subside to only about 8½% in the first half of 1980, and to about 8% in the second half.

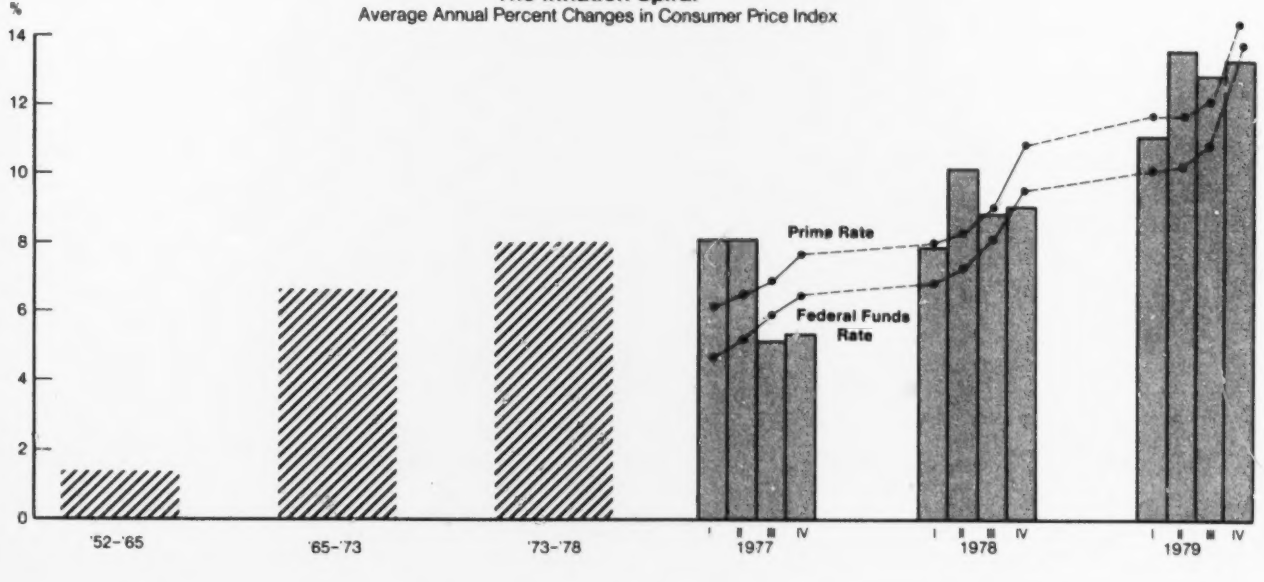
The national unemployment rate rose to 6% in October. The *Economic Forecasts* indicate that, given the prospect of declines in production, the unemployment rate will average to about 6.4% (median forecast) in the current quarter. It is then expected to continue to climb to about 7.7% by the last quarter of 1980. The Conference Board's *Help-wanted Index*, which had declined from 165 (1967 = 100) last December to 153 by June, increased to 159 by September. Given the economic outlook, it is probable that this measure of the labor market will shortly resume a declining trend.

Whatever the benefit of the additional dosage of anti-inflationary medicine announced in early October, the benefit is only going to be apparent over a long period of time; and, even then, only if the strict and disciplined course of treatment is maintained. The short-term effect, in terms of overall economic activity, is very likely to be an increase in the severity, and possibly in the length, of recession. At least that seems to be the view expressed in the latest *Economic Forecasts*.

Ken Goldstein

The Inflation Spiral

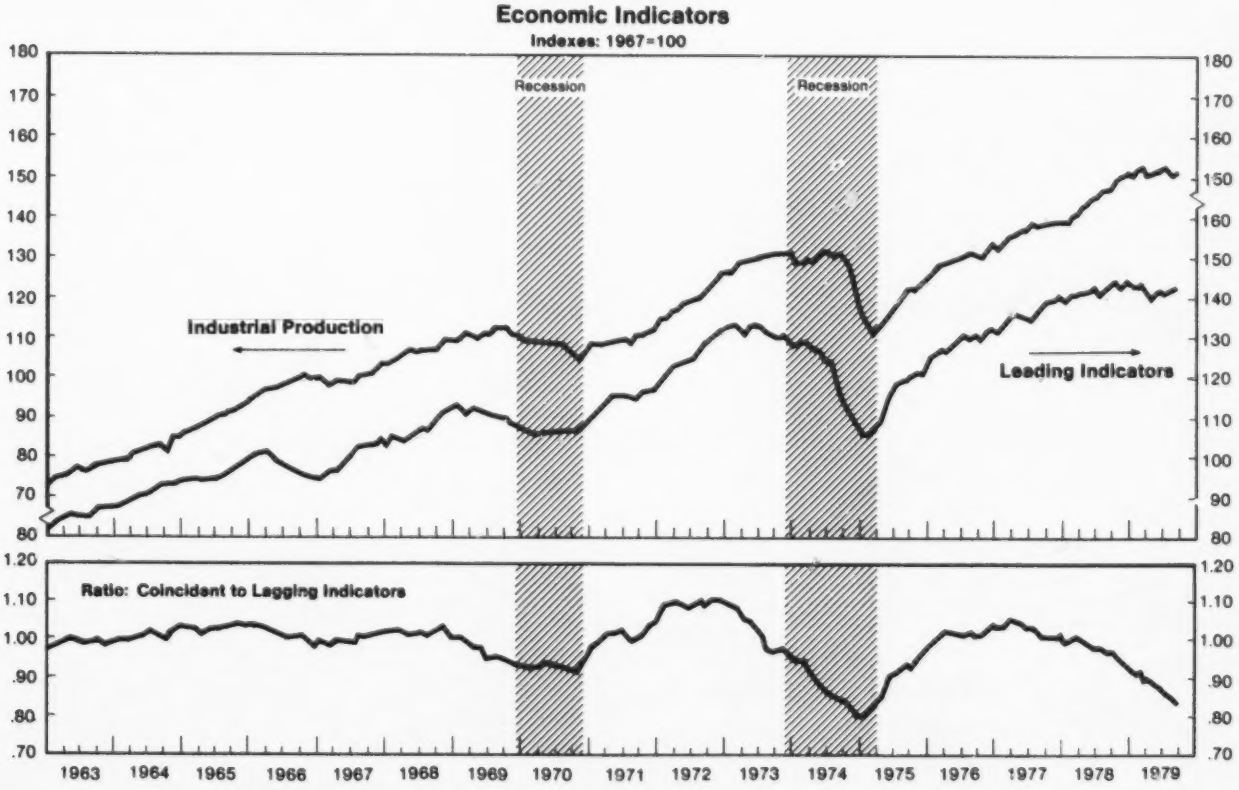
Average Annual Percent Changes in Consumer Price Index



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Sept.		X		+ 0.6%	— 1.1%
Capital Investment Commitments						
*Contracts & orders, plant & equipment (deflated)	Sept.		X		— 0.8%	+ 1.6%
New orders, nondefense capital goods (deflated)	Sept.		X		+ 0.9%	+ 6.1%
*Net business formation	July		X		+ 1.7%	— 0.6%
*Housing permits	Sept.	X			+ 8.3%	— 3.8%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Sept.		X		— 1.2%	— 3.5%
*Change in inventory, on hand & order (deflated)	Aug.			X	— 3.3%	— 0.8%
Purchasing agents' buying policy	Oct.			X	— 1 %	— 3 %
*Vendor performance, reported slower deliveries	Sept.			X	—27.1%	—22.7%
Industrial raw materials prices	Oct.		X		+ 3.9%	+23.9%
*Change in sensitive prices	Oct.			X	+ 0.2%	+ 1.0%
Sensitive Financial Flows						
*Money balance (M2, deflated)	Sept.		X		— 0.1%	— 3.9%
Change in business loans	Oct.			X	—31.8%	— 3.0%
*Change in liquid assets	Sept.	X			+ 0.3%	+ 0.1%
Change in consumer installment debt	Aug.			X	—10.3%	—14.2%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q			X	— 4.1%	+ 4.8%
*Common stock prices	Oct.		X		+ 1.9%	+ 4.1%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct.		X		— 0.1	— 0.4
Initial unemployment claims (inverted)	Sept.		X		+ 2.1%	—16.5%
*Layoff rate, mfg. (inverted)	Sept.		X		+ 0.1	+ 0.4

Note: For historical data of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Business Conditions Digest*, (Washington, D.C.: Government Printing Office, July, 1978, p. 100. For a description of the index, see November, 1975, page V.)
*These twelve series make up the composite leading index charted below.



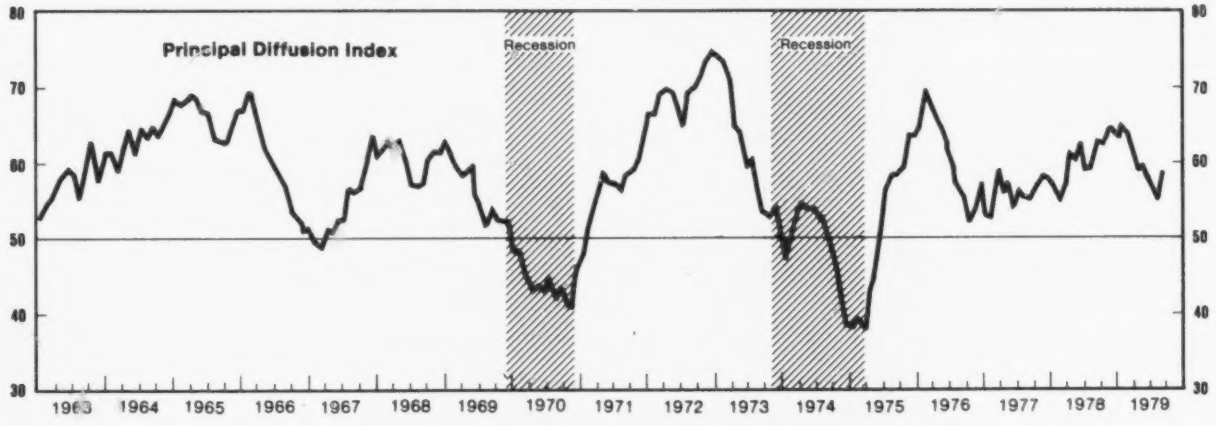
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1978 Sept.	1979 June	July	Aug.	Sept.(e)
Principal Diffusion Index	67.1r	58.0r	57.0r	54.9r	58.5
Auxiliary Diffusion Index	59.8r	45.0r	46.9r	43.0r	61.7
Industrial Group	63.9	53.0r	50.1r	45.1r	47.7
Nonindustrial Group	70.2r	62.9r	60.0r	64.6r	69.2
Sense of Diffusion	1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	74.4	65.0	58.8r	53.4r	54.1
Labor	62.3	44.0r	42.3r	36.2r	41.4
Miscellaneous	52.2	57.7	56.4	55.1	53.8
Nonindustrial Subgroups					
Prices	75.0	70.5	75.6	71.8	76.3
Consumer	85.9r	72.2r	70.5r	73.9r	77.4
Building	64.7	44.9	44.9	44.9r	52.6
Miscellaneous	54.9r	60.7r	62.4r	63.7r	67.5

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would register 50. On the other hand, if all 20 series rose in each of the last six months after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1977 Feb.	May	Aug.	Nov.	1978 Feb.	May	Aug.	Nov.	1979 Feb.	May	Aug.
	Score (scale 0-100)										
Measure of Business Confidence	69	71	59	52	52	58	49	40	43	41	32
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	65	74	62	48	46	60	58	45	47	47	28
2. Expectations for Economy, Six Months Ahead	71	70	56	49	49	54	42	33	36	33	29
3. Expectations for Own Industry, Six Months Ahead	70	69	60	58	59	60	49	43	46	43	38

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

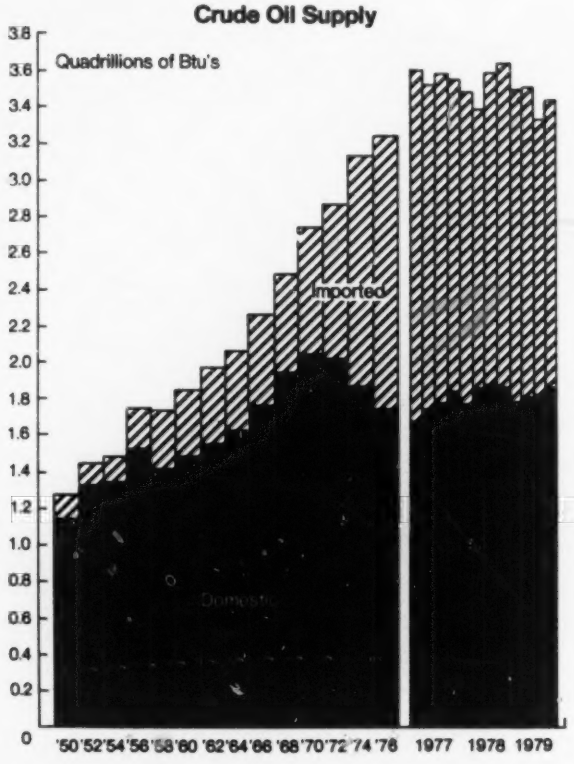
CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

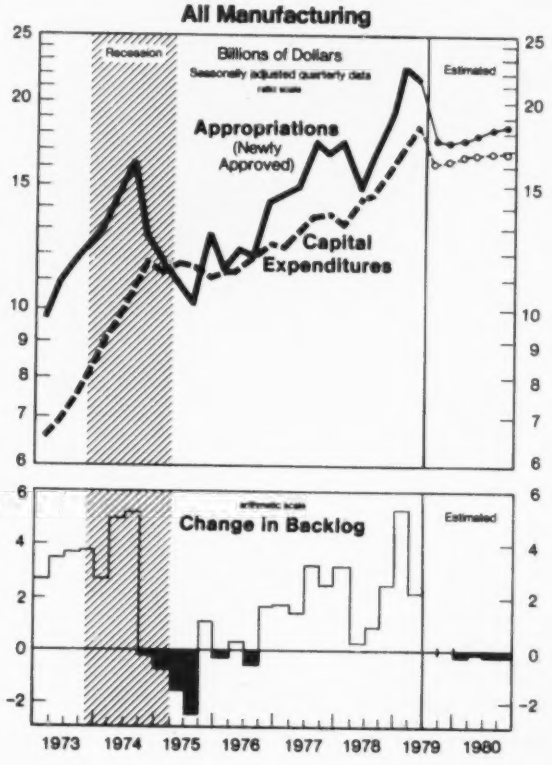
Billions of Dollars, Seasonally Adjusted

	1978			1979				1980			
								PROJECTIONS			
	IIr	IIIr	IVr	Ir	IIp	III	IV	I	II	III	IV
1000 LARGEST MANUFACTURING FIRMS											
Newly approved	15.079	16.145	18.625	22.585	21.410	17.3	17.3	17.4	17.9	18.2	18.3
Capital expenditures	14.367	14.551	15.792	16.572	18.319	16.1	16.5	16.5	16.7	16.9	16.9
Change in appropriations backlog	+0.207	+0.845	+2.504	+5.328	+2.239	0.0	0.0	−0.3	+0.1	+0.2	+0.2
Durable Goods											
Newly approved	7.414	8.414	9.745	11.114	10.831	8.4	8.0	7.6	7.2	7.2	7.7
Capital expenditures	6.503	6.674	7.130	7.717	8.406	7.5	8.0	8.1	7.8	7.6	7.2
Change in appropriations backlog	+0.691	+1.481	+2.587	+3.225	+2.263						
Nondurable Goods											
Newly approved	7.662	7.731	8.880	11.471	10.579	8.9	9.2	9.8	10.6	11.0	10.6
Capital expenditures	7.864	7.877	8.662	8.855	9.913	8.6	8.3	8.4	8.9	9.3	9.7
Change in appropriations backlog	−0.484	−0.636	−0.083	+2.103	−0.024						
ELECTRIC & GAS UTILITIES											
Appropriations	5.765	8.719	10.281	7.077	5.854						
Capital expenditures	6.283	6.514	7.025	7.173	7.045						
Change in appropriations backlog	−1.242	−3.185	+2.471	−3.601	−3.782						

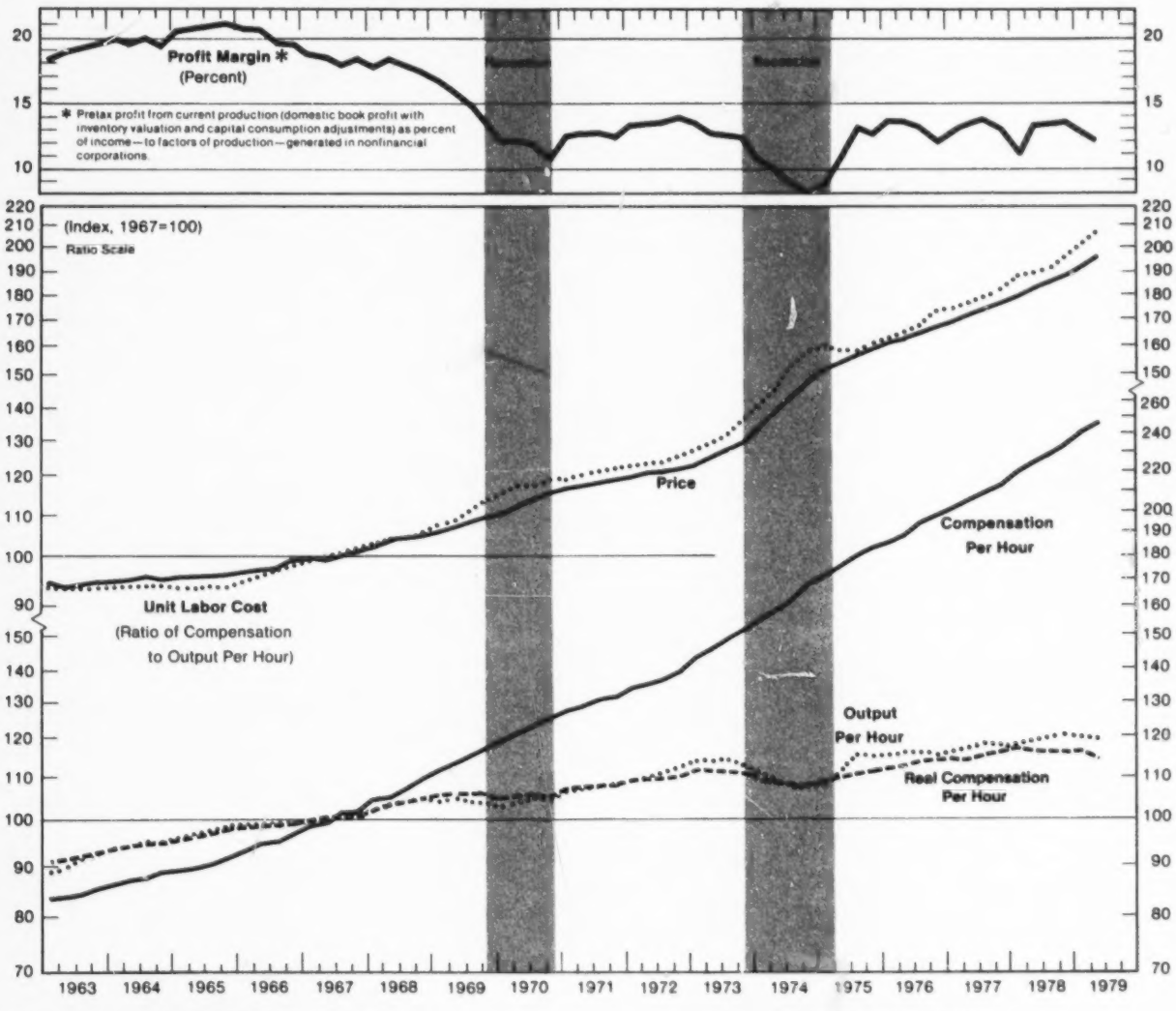
Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request. Projections are based on The Conference Board's capital appropriations forecasting model.

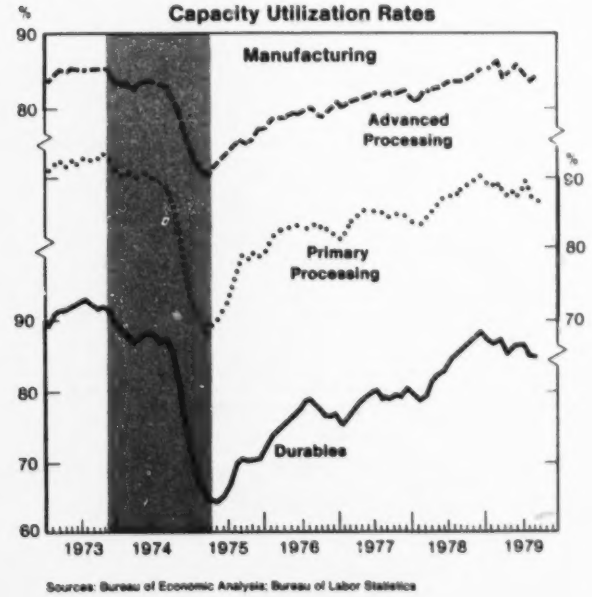
r—revised p—preliminary

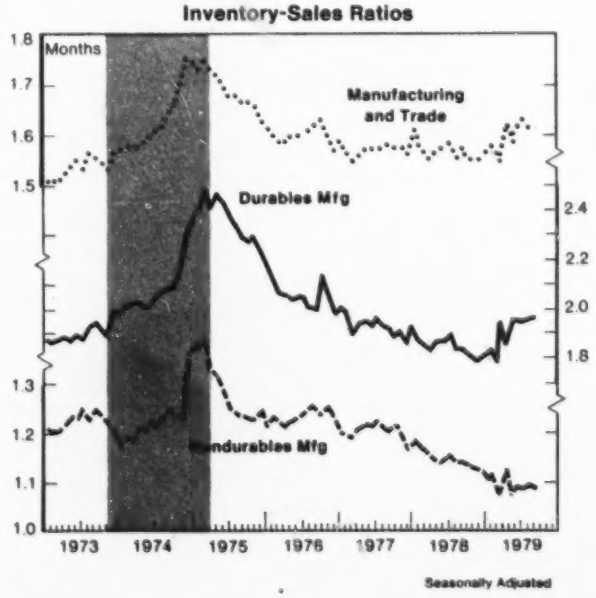




Key Determinants of Profit Margin–Nonfinancial Corporations


Profit Margin *
(Percent)
* Pretax profit from current production (domestic book profit with inventory valuation and capital consumption adjustments) as percent of income — to factors of production — generated in nonfinancial corporations.
(Index, 1967=100)
Ratio Scale
Price
Compensation Per Hour
Unit Labor Cost
(Ratio of Compensation to Output Per Hour)
Output Per Hour
Real Compensation Per Hour
1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979





Sources: Bureau of Economic Analysis; Bureau of Labor Statistics

Seasonally Adjusted

ECONOMIC FORECASTS

			ASA-NBER Survey of Regular Forecasters[1]		Merrill Lynch Economics Inc.[1]		Kent Economic Institute[1]		Michigan Research Seminar in Quantitative Economics[2]	
Date of Forecast			August, 1979		October, 1979		October, 1979		July, 1979	
			Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change
Gross National Product Current Dollars										
Actual	1979	III			$2391.5	11.6%	$2391.5	11.6%		
Forecast	1979	IV	$2400.0	8.8%	2442.5	8.8	2422.6	8.3	$2417.2	8.8%
	1980	I	2442.0	7.2	2464.6	3.7	2451.1	4.8	2472.4	9.5
		II	2500.0	9.5	2487.9	3.9	2513.4	10.8	2531.4	9.9
		III	2568.0	11.3	2540.9	8.8	2592.5	13.2	2596.4	10.7
		IV			2616.5	12.4	2656.6	10.3	2667.8	11.5
	1981	I			2689.3	11.8	2707.9	8.0	2730.3	9.7
		II			2759.4	10.8	2781.2	11.3		
		III					2869.2	13.3		
	1979	Annual	2346.3	10.3	2364.0	11.1	2359.0	10.9	2350.8	10.5
	1980	Annual			2527.5	6.9	2553.4	8.2	2567.0	9.2
Gross National Product Constant (1972) Dollars										
Actual	1979	III			$1430.8	2.4%	$1430.8	2.4%		
Forecast	1979	IV	$1402.0	−0.1%	1427.9	−0.8	1416.7	−3.0	$1416.9	0.1%
	1980	I	1398.0	−1.1	1409.7	−3.0	1410.3	−1.8	1417.8	0.3
		II	1405.0	2.0	1394.0	−4.4	1415.2	1.4	1422.5	1.3
		III	1418.0	3.8	1393.2	−0.2	1428.4	3.8	1430.8	2.4
		IV			1409.2	4.7	1441.5	3.7	1440.4	2.7
	1981	I			1426.1	4.9	1445.6	1.1	1446.7	1.8
		II			1441.0	4.2	1459.7	4.0		
		III					1469.8	2.8		
	1979	Annual	1416.1	1.2	1427.9	2.9	1425.1	1.8	1420.7	1.5
	1980	Annual			1401.5	−1.8	1423.8	−0.1	1427.9	0.5
Gross National Product Deflator Index, 1972 = 100										
Actual	1979	III			167.1	8.4%	167.1	8.4%		
Forecast	1979	IV	171.0	8.4%	171.1	8.7	171.0	8.6	170.6	8.7%
	1980	I	174.3	7.9	174.8	9.1	173.8	6.7	174.4	9.2
		II	178.0	8.8	178.5	8.8	177.6	9.0	178.0	8.4
		III	181.0	8.9	182.4	9.0	181.5	9.1	181.5	8.1
		IV			185.7	7.4	184.3	8.3	185.2	8.5
	1981	I			188.6	8.4	187.3	8.7	188.7	7.8
		II			191.5	8.3	190.5	7.0		
		III					195.2	10.2		
	1979	Annual	165.7	9.0	165.6	8.9	165.5	8.9	165.5	8.9
	1980	Annual			180.3	8.9	179.3	8.3	179.8	8.6
Unemployment Rate										
Actual	1979	III			5.8%		5.8%			
Forecast	1979	IV	6.5%		6.4		6.6		6.3%	
	1980	I	7.1		7.2		7.3		6.6	
		II	7.3		8.1		7.0		6.9	
		III	7.2		8.5		6.7		7.1	
		IV			8.6		6.6		7.1	
	1981	I			8.4		6.1		7.2	
		II			8.4		6.4			
		III					6.2			
	1979	Annual	6.0		5.9		6.0		5.9	
	1980	Annual			8.1		6.9		6.9	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary 3rd quarter data.

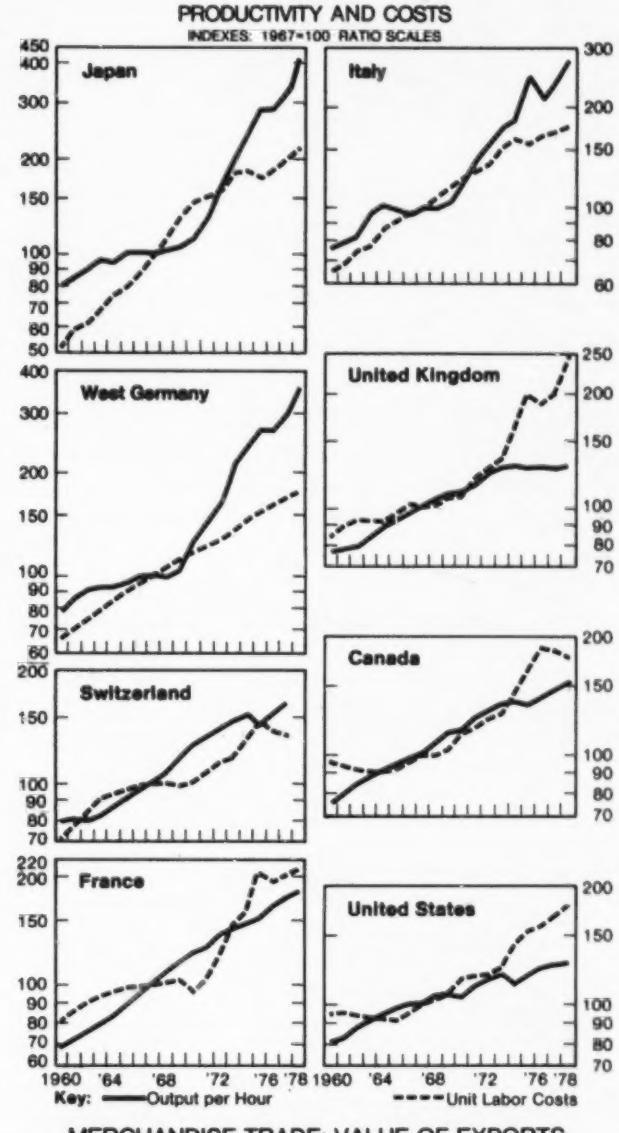
[2]Based on preliminary 2nd quarter data.

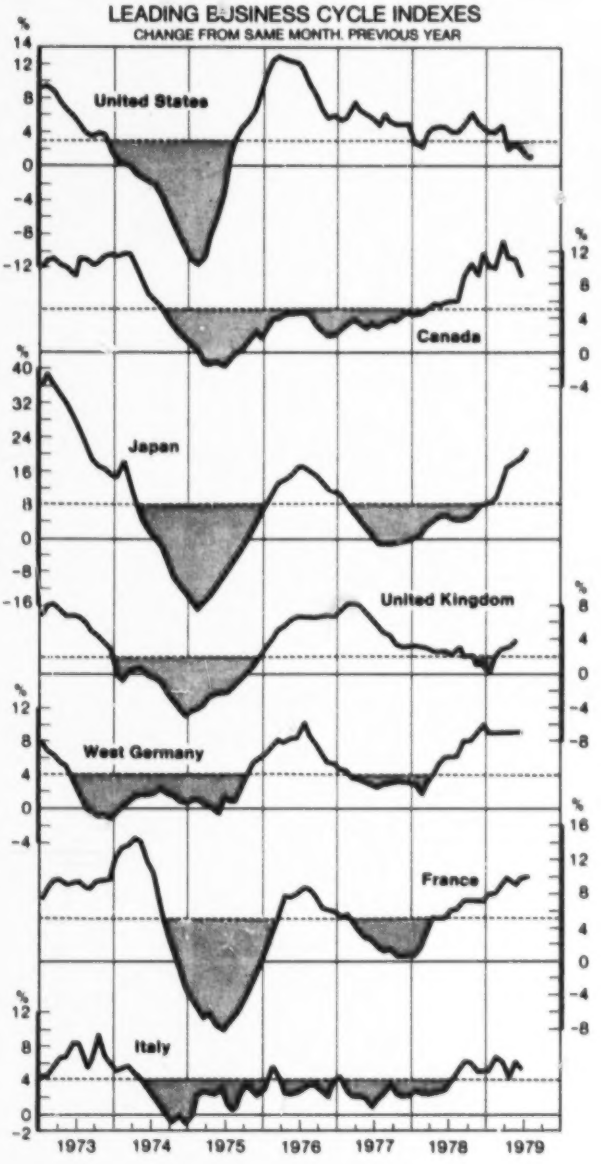
ECONOMIC FORECASTS (continued)

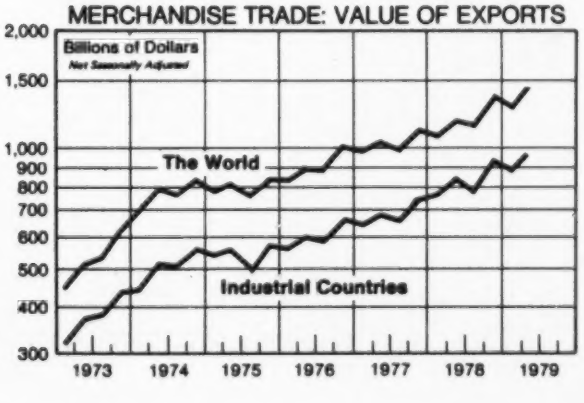
The Conference Board[1]		Chase Econometric Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
October, 1979		October, 1979		October, 1979		October, 1979				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Current Dollars		
$2391.5	11.0%	$2391.5	11.0%	$2391.5	11.0%	$2391.5	11.0%	III	1979	Actual
2446.0	9.4	2427.3	8.1	2438.7	8.1	2438.8	8.1	IV	1979	Forecast
2464.0	3.0	2438.1	1.8	2459.6	3.5	2479.4	6.8	I	1980	
2483.0	3.1	2478.0	6.7	2495.5	6.0	2540.3	10.2	II		
2517.0	5.6	2538.5	10.1	2553.0	9.5	2605.7	10.7	III		
2586.0	11.4	2613.9	12.4	2621.7	11.2	2690.5	13.7	IV		
		2675.7	9.8	2704.1	13.2	2773.1	12.9	I	1981	
		2743.1	10.5	2793.2	13.8	2850.0	11.6	II		
		2815.2	10.9	2887.2	14.2	2919.9	10.2	III		
2364.8	11.2	2360.2	10.8	2363.0	11.1	2363.0	11.1	Annual	1979	
2512.5	6.2	2517.1	6.6	2532.4	7.2	2579.0	9.1	Annual	1980	
								Gross National Product Constant (1972) Dollars		
$1430.8	2.4%	$1430.8	2.4%	$1430.8	2.4%	$1430.8	2.4%	III	1979	Actual
1430.8	0.0	1418.2	−3.5	1427.1	−1.0	1425.5	−1.5	IV	1979	Forecast
1412.7	−5.0	1400.2	−5.0	1410.4	−4.8	1415.5	−2.8	I	1980	
1397.3	−4.3	1398.3	−0.5	1402.5	−2.2	1420.0	1.3	II		
1392.0	−1.5	1405.2	2.0	1406.5	1.1	1429.6	2.7	III		
1403.5	3.8	1416.6	3.3	1414.1	2.2	1445.9	4.6	IV		
		1427.8	3.2	1429.1	4.3	1459.0	3.7	I	1981	
		1436.8	2.5	1446.0	4.5	1471.2	3.4	II		
		1447.9	3.1	1463.7	5.0	1482.8	3.2	III		
1428.6	2.1	1425.5	1.9	1427.7	2.0	1427.3	2.0	Annual	1979	
1401.4	−1.9	1405.1	−1.4	1408.4	−1.4	1427.7	0.0	Annual	1980	
								Gross National Product Deflator Index, 1972 = 100		
167.1	8.4%	167.1	8.4%	167.1	8.4%	167.1	8.4%	III	1979	Actual
171.0	9.4	171.2	9.9	170.9	9.3	171.1	9.8	IV	1979	Forecast
174.4	8.4	174.1	7.1	174.4	8.5	175.2	9.9	I	1980	
177.7	7.7	177.2	7.3	177.9	8.4	178.9	8.9	II		
180.8	7.3	180.7	8.0	181.5	8.3	182.3	7.8	III		
184.3	7.8	184.5	8.8	185.4	8.8	186.1	8.6	IV		
		187.4	8.4	189.2	8.8	190.1	8.9	I	1981	
		190.9	7.7	193.2	8.8	193.7	7.9	II		
		194.4	7.6	197.3	8.7	196.9	6.8	III		
165.5	8.9	165.6	8.9	165.5	8.9	165.6	8.9	Annual	1979	
179.3	8.3	179.1	8.2	179.8	8.6	180.6	9.1	Annual	1980	
								Unemployment Rate		
5.8%		5.8%		5.8%		5.8%		III	1979	Actual
6.1		6.4		6.1		6.4		IV	1979	Forecast
7.0		7.2		6.7		7.2		I	1980	
7.9		7.9		7.2		7.7		II		
8.3		8.2		7.5		7.9		III		
8.3		8.2		7.6		7.7		IV		
		8.3		7.9		7.7		I	1981	
		8.2		7.8		7.7		II		
		8.1		7.7		7.7		III		
5.7		5.9		5.8		5.9		Annual	1979	
7.9		7.9		7.2		7.6		Annual	1980	

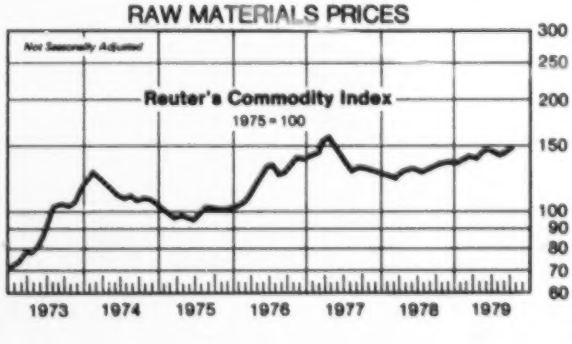
Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on line through The Conference Board Data Base. For more information, contact Linette Stein or Ken Goldstein at (212) 759-0900.

Selected International Comparisons

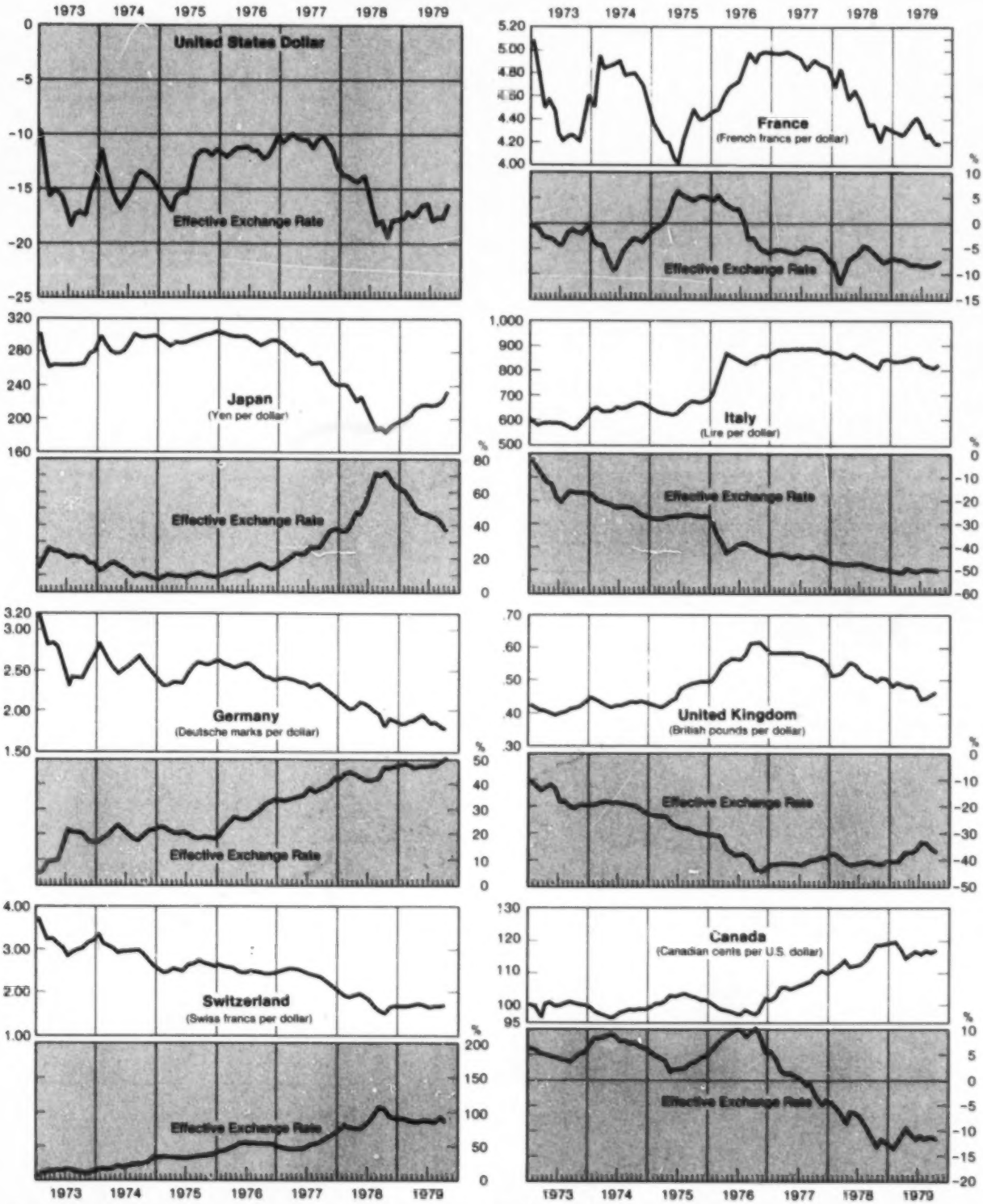








Exchange Rates – Foreign Countries



Effective Exchange Rate for each country indicates changes vis-a-vis a group of 15 major currencies weighted according to the average bilateral manufactures trade of 1976; changes are in percent from pre-June 1970 parities, based on monthly averages of daily rates.

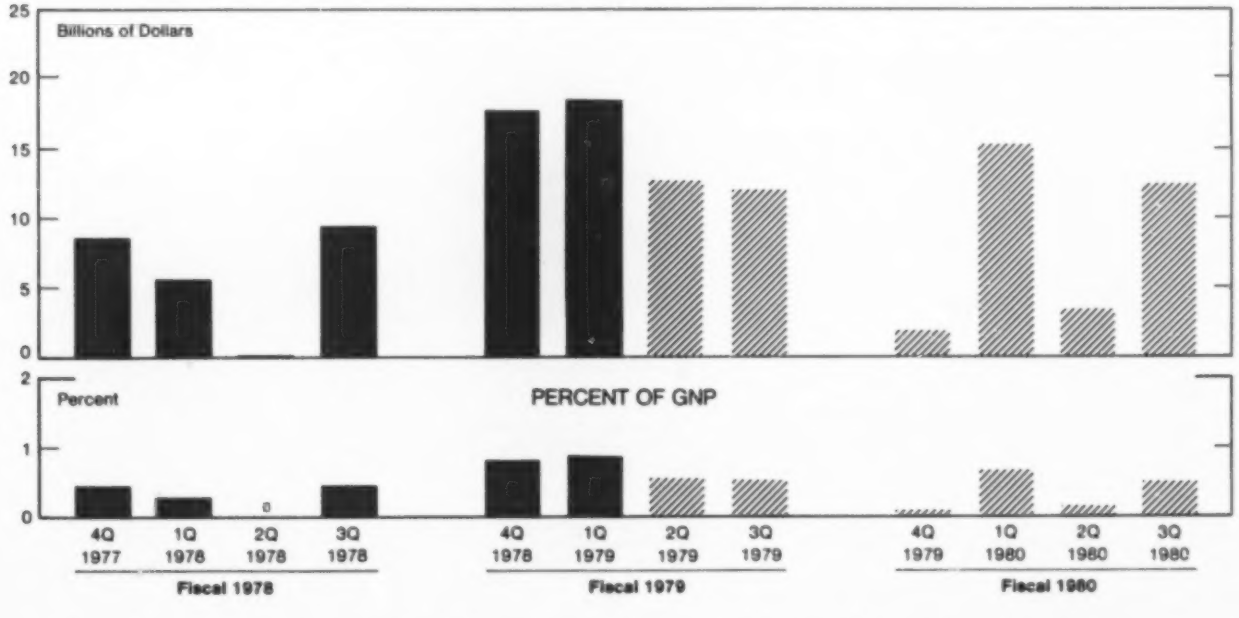
PERSPECTIVE ON THE FEDERAL BUDGET

($ Billions)

	Fiscal 1979			Fiscal 1980		
	Current Services (1/23/78)	Revised President's Proposal (7/7/79)	Second Congressional Resolution (5/23/79)	Current Services (1/22/79)	President's Proposal (7/7/79)	First Congressional Resolution (5/23/79)
Receipts	**$463.8**	**$466.5**	**$461.0**	**$504.5**	**$513.8**	**$509.0**
Outlays	**492.4**	**496.2**	**494.5**	**536.1**	**542.4**	**532.0**
Deficit	**−28.5**	**−29.7**	**−33.5**	**−31.6**	**−28.7**	**−23.0**
Receipts by source	**463.8**	**466.5**	**461.0**	**504.5**	**513.8**	**509.0**
Individual income taxes	214.0	216.6	208.6	229.6	234.2	232.0
Corporate income taxes	68.8	67.8	70.2	71.0	71.5	72.0
Social insurance	142.5	141.3	142.1	161.2	162.6	161.8
Other receipts	38.5	40.8	40.1	42.7	45.5	43.2
Outlays by function	**492.4**	**496.2**	**494.5**	**536.1**	**542.4**	**532.0**
Income security	159.2	161.3	161.1	179.5	185.2	183.3
National defense	116.8	115.5	114.4	125.5	126.7	124.2
Health	50.3	49.4	49.7	55.1	54.4	53.6
Education and manpower	29.4	30.0	29.7	31.0	30.1	30.5
Veterans' benefits	18.9	20.3	20.2	20.4	20.8	20.6
Transportation	17.1	17.2	17.0	18.0	18.3	18.2
Natural resources and environment	12.0	11.2	11.3	11.8	11.5	11.7
Revenue sharing	9.5	8.7	8.8	9.2	9.0	8.1
International affairs	7.4	7.3	7.5	7.9	8.8	7.9
Energy	7.6	7.1	7.4	8.0	8.5	6.8
Community development	8.5	10.1	9.7	7.2	7.5	8.1
General science	5.1	5.1	5.2	5.4	5.7	5.5
Agriculture	5.5	6.7	6.2	5.0	2.5	5.4
Justice	4.1	4.3	4.2	4.3	4.4	4.4
General government	4.2	4.3	4.2	4.2	4.4	4.3
Commerce and housing credit	3.1	2.8	2.9	3.4	3.2	3.2
Interest	48.7	53.0	52.4	57.1	57.8	56.0
Allowances	1.1	0.1	0.7	2.1	2.1	− 0.1
Undistributed offsetting receipts	−16.1	−18.4	−18.1	−19.0	−18.7	−19.7

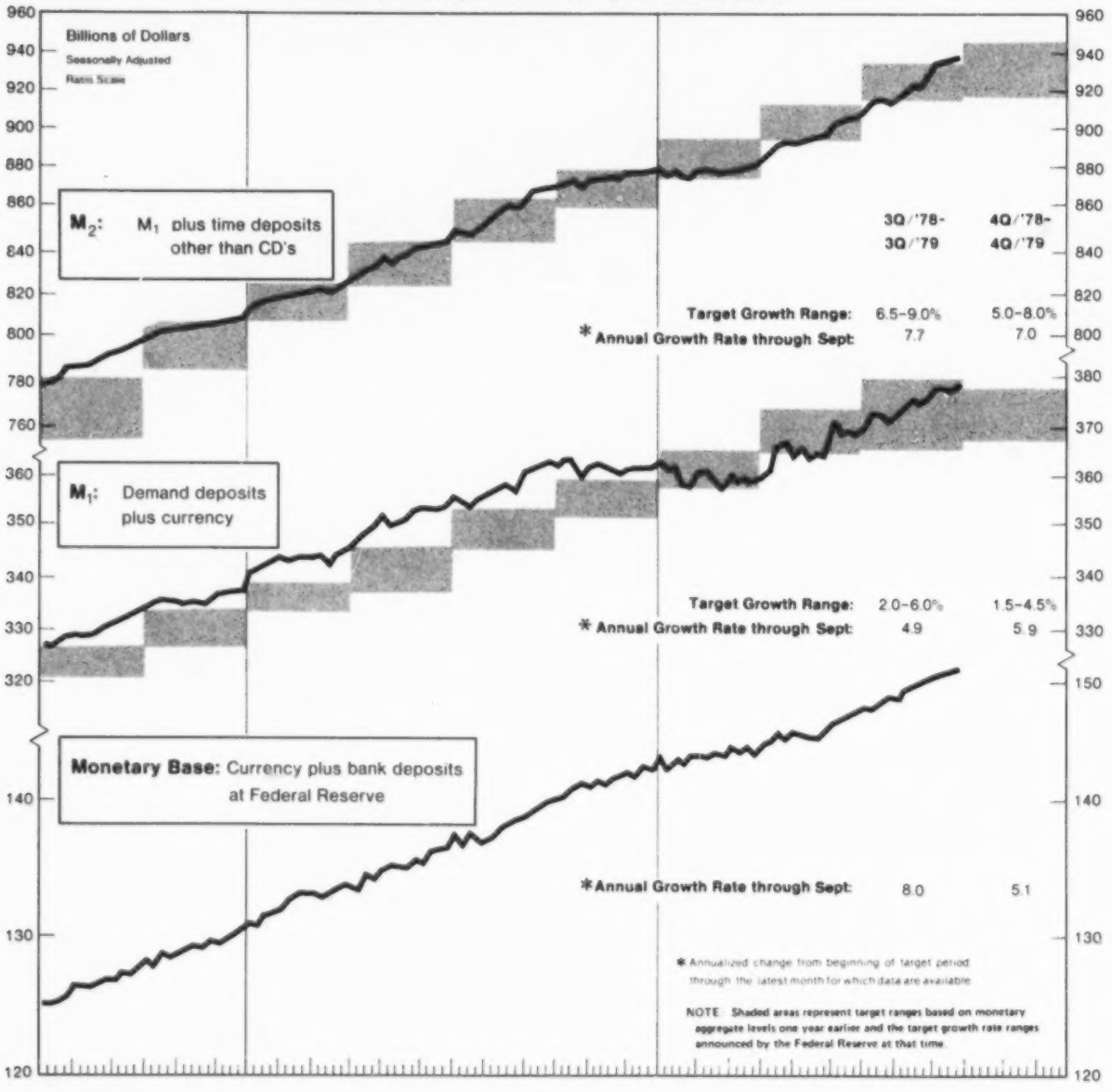
Sources: Office of Management and Budget; Congressional Budget Office.

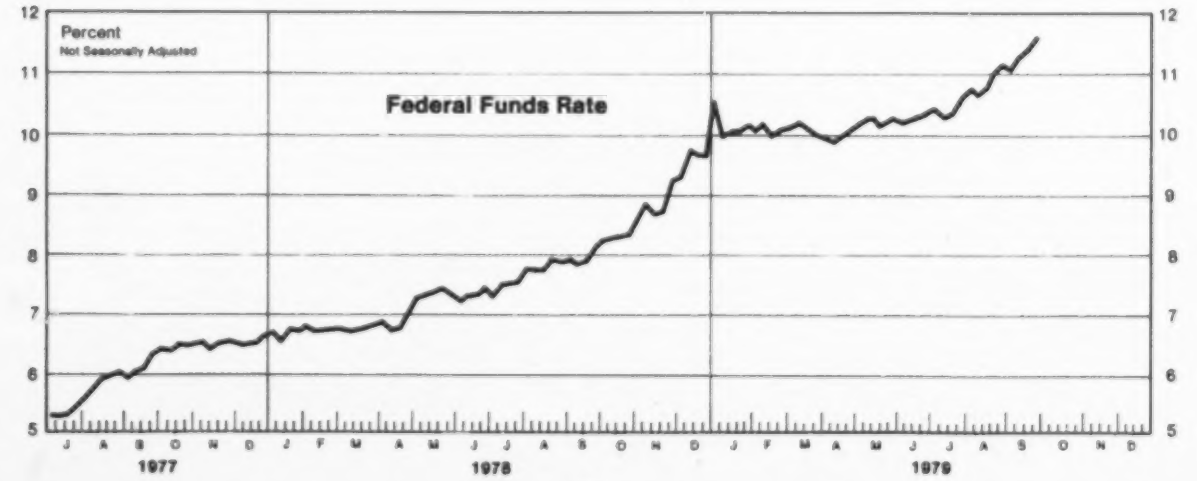
Fiscal Thrust



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy*, Fiscal 1977, No. 2, The Conference Board, New York, 1976.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
M_2: M_1 plus time deposits other than CD's
3Q/'78-3Q/'79
4Q/'78-4Q/'79
Target Growth Range: 6.5-9.0% 5.0-8.0%
* Annual Growth Rate through Sept: 7.7 7.0
M_1: Demand deposits plus currency
Target Growth Range: 2.0-6.0% 1.5-4.5%
* Annual Growth Rate through Sept: 4.9 5.9
Monetary Base: Currency plus bank deposits at Federal Reserve
* Annual Growth Rate through Sept: 8.0 5.1
* Annualized change from beginning of target period through the latest month for which data are available.
NOTE: Shaded areas represent target ranges based on monetary aggregate levels one year earlier and the target growth rate ranges announced by the Federal Reserve at that time.



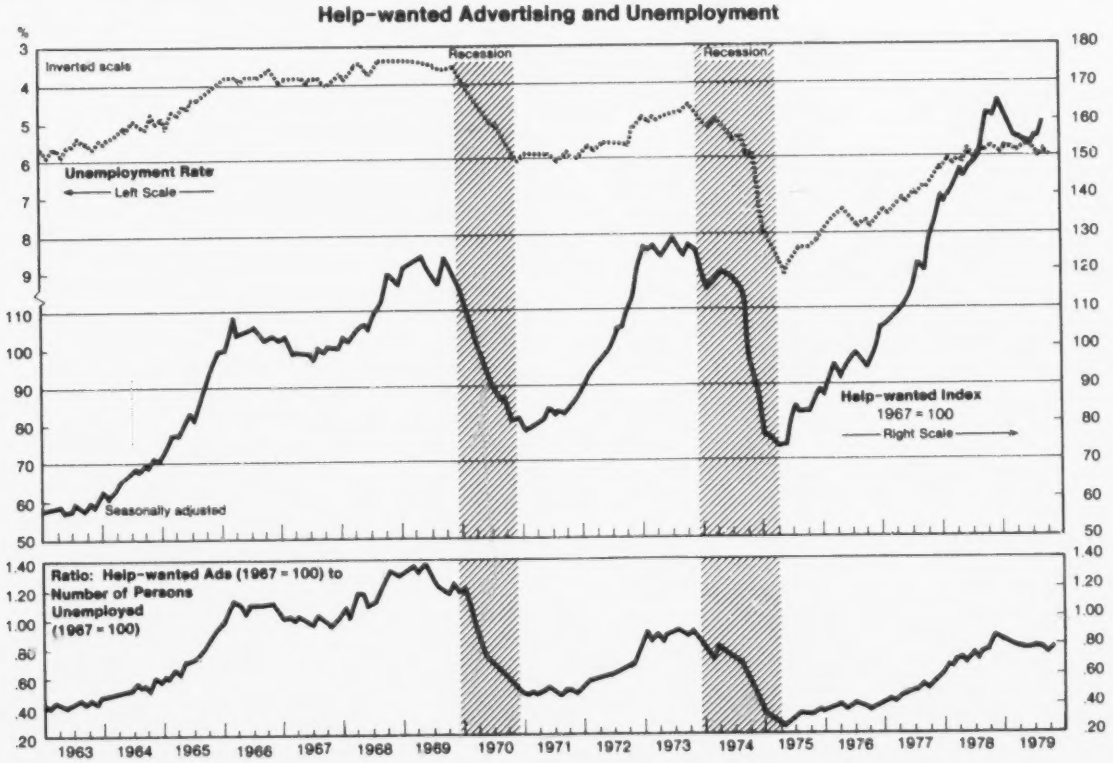
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1979 Sept	1979 Aug	1979 July	1978 Sept
Total Index 51 papers	159	155	155	152
New England	140	137	137	132
Boston	143	141	143	134
Hartford	178	163	150	153
Providence	94	99	103	107
Middle Atlantic	74	72	73	67
Albany	103	104	108	101
Allentown	145	158	161	159
New York	63	60	60	n.a.
Philadelphia	69	68	73	67
Pittsburgh	102	102	96	96
Rochester	75	75	81	68
Syracuse	98	90	97	96
East North Central	115	118	122	127
Chicago	111	116	117	116
Cincinnati	159	170	165	175
Cleveland	111	111	121	120
Columbus	151	154	158	165
Dayton	95	95	96	108
Detroit	81	86	93	109
Gary	161	192	189	192
Indianapolis	133	137	140	150
Milwaukee	127	119	129	127
Toledo	139	139	143	155
West North Central	130	125	129	128
Kansas City	151	150	151	159
Minneapolis	158	150	152	137
Omaha	n.a.	n.a.	165	168
St. Louis	80	75	85	91
South Atlantic	163	154	155	147
Atlanta	238	219	225	214
Baltimore	n.a.	117	115	103
Charlotte	148	136	141	131
Jacksonville	121	128	127	123
Miami	178	164	160	170
Richmond	104	104	111	105
Washington, D.C.	161	156	154	140
East South Central	158	158	156	158
Birmingham	174	168	172	193
Knoxville	227	223	188	247
Louisville	103	106	113	116
Memphis	126	129	138	119
Nashville	202	203	193	167
West South Central	309	298	296	299
Dallas	283	258	261	259
Houston	453	431	433	434
New Orleans	188	210	198	206
Oklahoma City	241	241	238	247
San Antonio	192	186	180	173
Tulsa	264	255	248	275
Mountain	368	384	367	359
Denver	283	322	314	316
Phoenix	436	420	409	354
Salt Lake City	439	453	412	450
Pacific	236	222	218	206
Los Angeles	206	190	190	183
Sacramento	299	309	316	274
San Bernardino	185	176	171	151
San Diego	398	372	354	350
San Francisco	227	216	208	189
Seattle	286	264	253	246
Percentage of papers with rising volume	55%	41%	51%	49%
Unemployment rate	5.8%	6.0%	5.7%	6.0%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised n.a.—not available

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100

Monthly beginning July 1977; bimonthly before that date

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1977	90.3		85.2		89.2		88.7	89.7	87.6	86.9	90.1	99.8
1978	105.2	103.8	97.3	96.9	88.8	92.5	88.8	91.4	95.4	101.4	91.8	94.0
1979	94.0	94.1	85.8	81.5	79.5	76.8	67.1	64.9	76.8r	85.6p		

Buying Plans Index

1977	113.8		110.2		121.8		128.7	133.4	117.7	121.3	124.5	136.9
1978	134.3	120.7	124.3	109.5	97.1	121.7	91.2	104.0	104.2	116.9	106.4	103.1
1979	95.8	116.3	115.6	101.2	93.8	96.2	91.2	98.0	120.3r	122.9p		

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

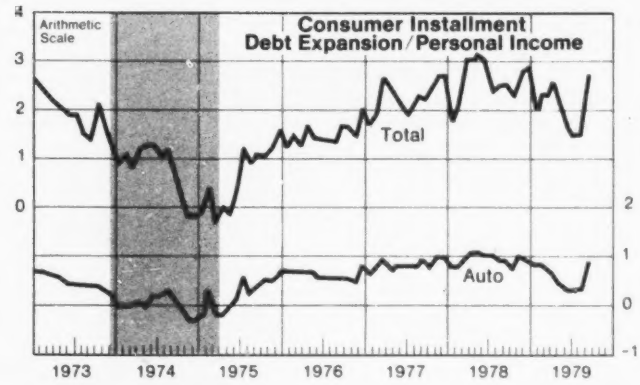
CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

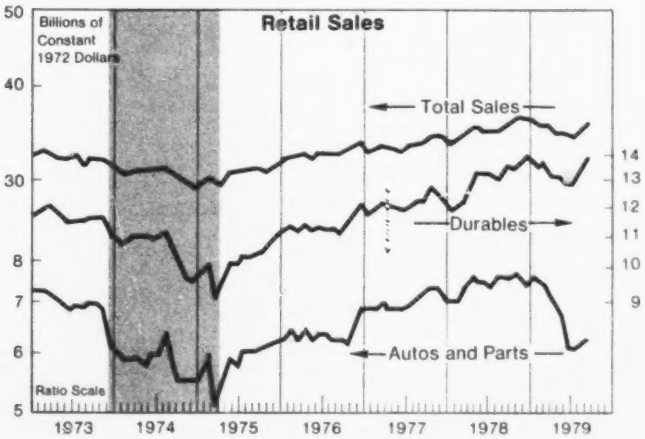
Billions of Dollars; Quarterly Data are Seasonally Adjusted at Annual Rates

		Aggregate Purchasing Power	Discretionary Purchasing Power	Discretionary Saving	Discretionary Spending	Discretionary Purchasing Power as % of Aggregate	Discretionary Spending as % of Aggregate	Discretionary Spending as % of Discretionary Purchasing Power
1975	I	$1075.2	$399.5	$ 67.5	$332.0	37.2%	30.9%	83.1%
	II	1155.6	469.7	125.2	344.5	40.6	29.8	73.3
	III	1160.5	453.4	125.8	327.6	39.1	28.2	72.3
	IV	1220.9	485.4	118.8	366.6	39.8	30.0	75.5
1976	I	1258.3	499.9	133.5	366.4	39.7	29.1	73.3
	II	1288.1	507.0	120.3	386.7	39.4	30.0	76.3
	III	1308.4	514.5	125.5	389.0	39.3	29.7	75.6
	IV	1343.4	533.7	118.2	415.5	39.7	30.9	77.9
1977	I	1394.3	560.4	139.4	421.0	40.2	30.2	75.1
	IIr	1432.2	583.3	143.2	440.1	40.7	30.7	75.4
	IIIr	1520.5	602.0	171.0	431.0	39.6	28.3	71.6
	IVr	1526.1	624.9	146.1	478.8	40.9	31.4	76.6
1978	Ir	1559.9	648.3	141.4	506.9	41.6	32.5	78.2
	IIr	1633.1	680.8	176.8	504.0	41.7	30.9	74.0
	IIIr	1672.4	693.1	184.2	508.9	41.4	30.4	73.4
	IVr	1701.4	690.9	150.3	540.6	40.6	31.8	78.2
1979	Ip	1746.1	712.2	149.5	562.7	40.8	32.2	79.0

Note: For an explanation of discretionary purchasing power and spending, see Morton Ehrlich, *Discretionary Spending*, (The Conference Board, 1966).

P—Preliminary R—Revised





CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1976	1977	1978	1979
January:	1-10	8.27	9.95	9.54	10.32
	11-20	8.54	9.81	8.28	9.85
	21-31	9.00	8.36	7.73	8.91
February:	1-10	8.31	9.87	8.03	9.38
	11-20	9.25	8.53	9.52	9.64
	21-28(29)	8.83	8.80	8.07	8.65
March:	1-10	8.45	10.04	8.65	9.12
	11-20	8.28	8.25	11.20	9.96
	21-31	9.39	10.01	8.59	8.73
April:	1-10	8.55	8.12	10.26	9.69
	11-20	9.21	9.47	9.67	8.09
	21-30	8.71	9.42	10.09	9.02
May:	1-10	8.64	9.25	10.10	8.97
	11-20	9.27	8.77	9.77	7.44
	21-31	7.88	9.04	10.22	8.42
June:	1-10	8.64	9.57	9.75	6.99
	11-20	8.16	9.27	10.33	7.67
	21-30	9.14	9.06	8.83	6.55
July:	1-10	8.16	9.38	10.18	8.28
	11-20	8.77	8.02	8.40	7.61
	21-31	8.16	8.58	8.56	8.38
August:	1-10	8.92	8.89	9.49	7.84
	11-20	7.57	8.84	8.38	10.25
	21-31	7.56	9.32	9.76	8.30
September:	1-10	7.99	8.84	7.50	8.67
	11-20	8.21	8.81	8.75	9.01
	21-30	8.39	7.80	8.47	6.82
October:	1-10	8.33	9.56	9.68	6.32
	11-20	8.18	9.51	9.28	8.75
	21-31	7.79	9.73	10.05	7.87
November:	1-10	8.53	9.73	9.17	
	11-20	8.86	10.42	9.61	
	21-30	9.68	9.19	9.53	
December:	1-10	9.11	8.52	10.56	
	11-20	10.29	9.23	8.72	
	21-31	9.56	9.06	8.40	

Note: Dealer sales exclude exports and imported foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board.